



THE IMPACT OF THE PANDEMIC ON TRAVEL TO FINLAND

CUSTOM TRAVEL SCENARIOS

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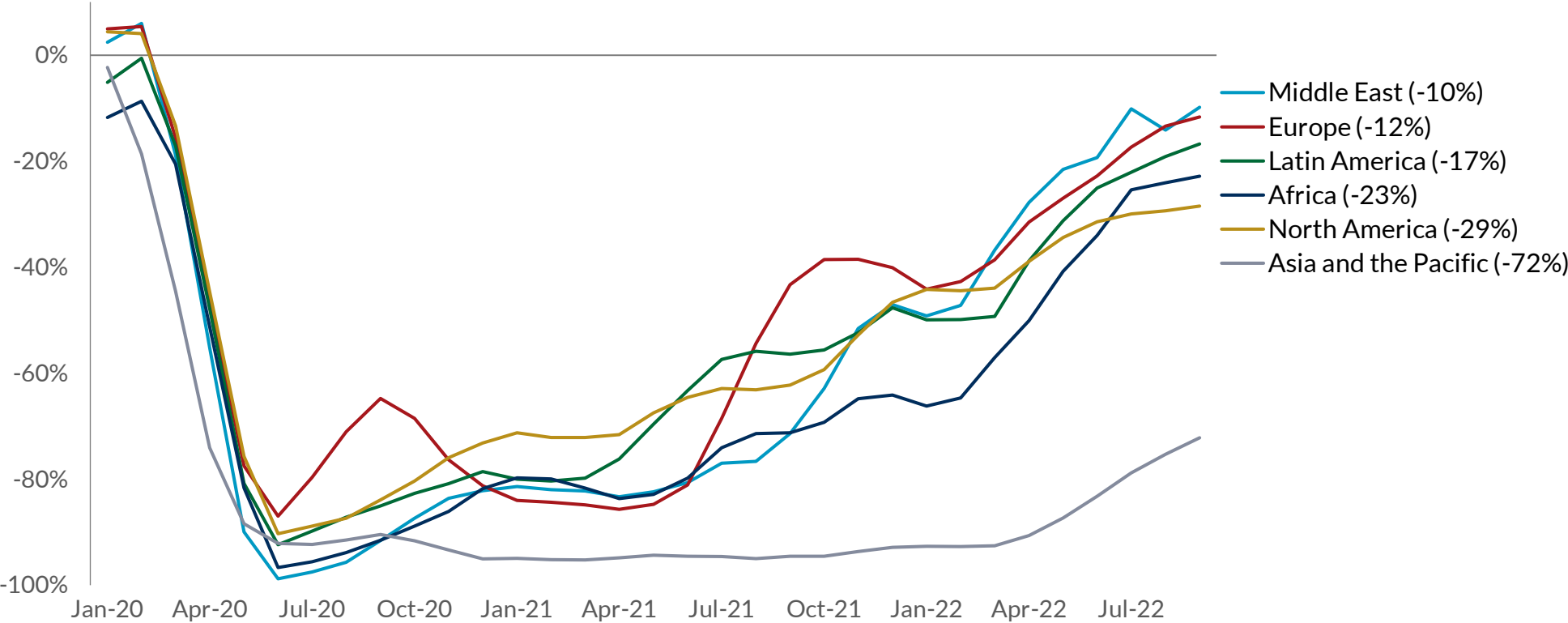
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December 2022

2022 saw widescale rebound in travel activity

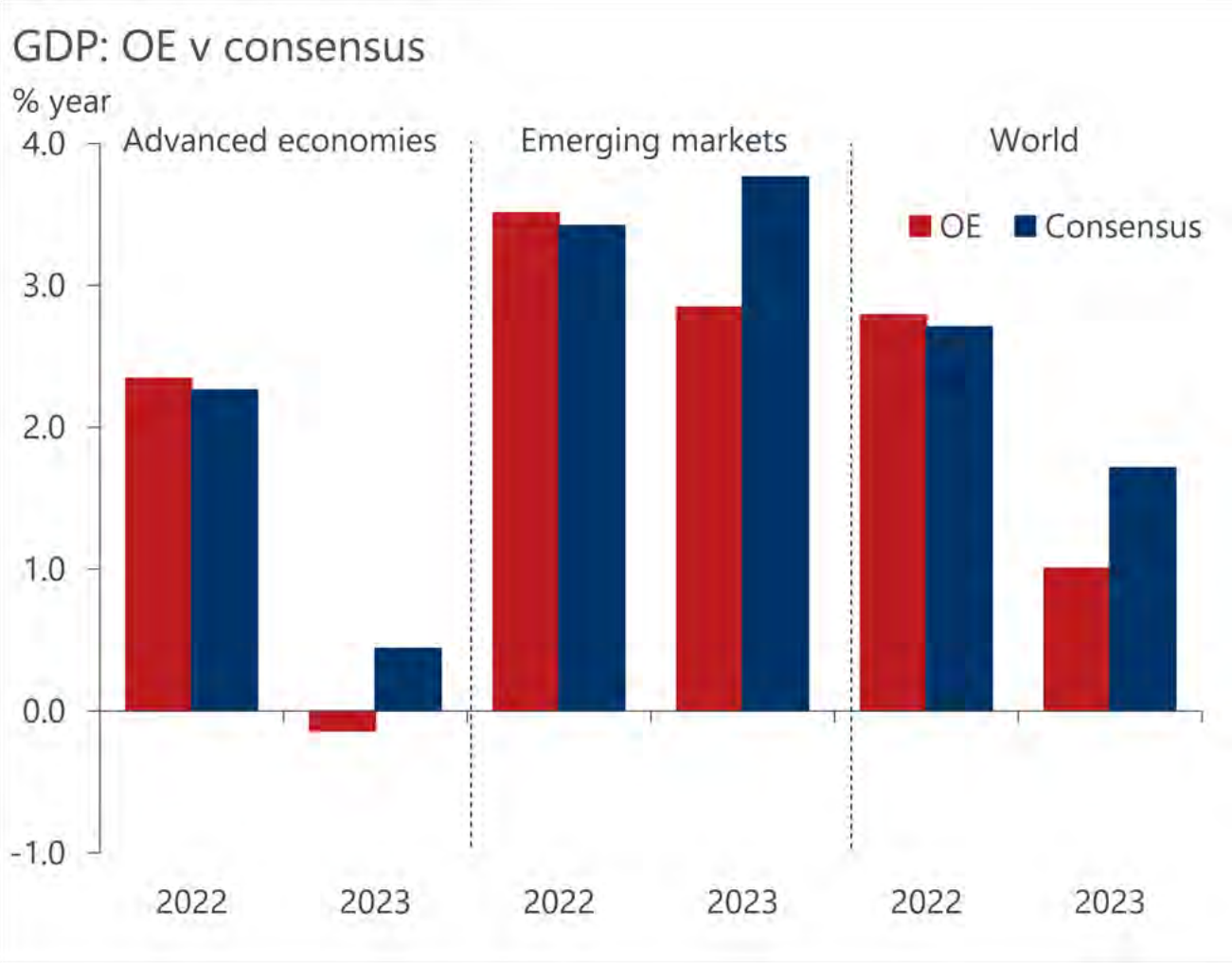
International Tourist Arrivals by World Region

% difference from same month in 2019, 3mma (figures in brackets are 3 months to Sept)



Source: UNWTO

Mild global recession anticipated for 2023

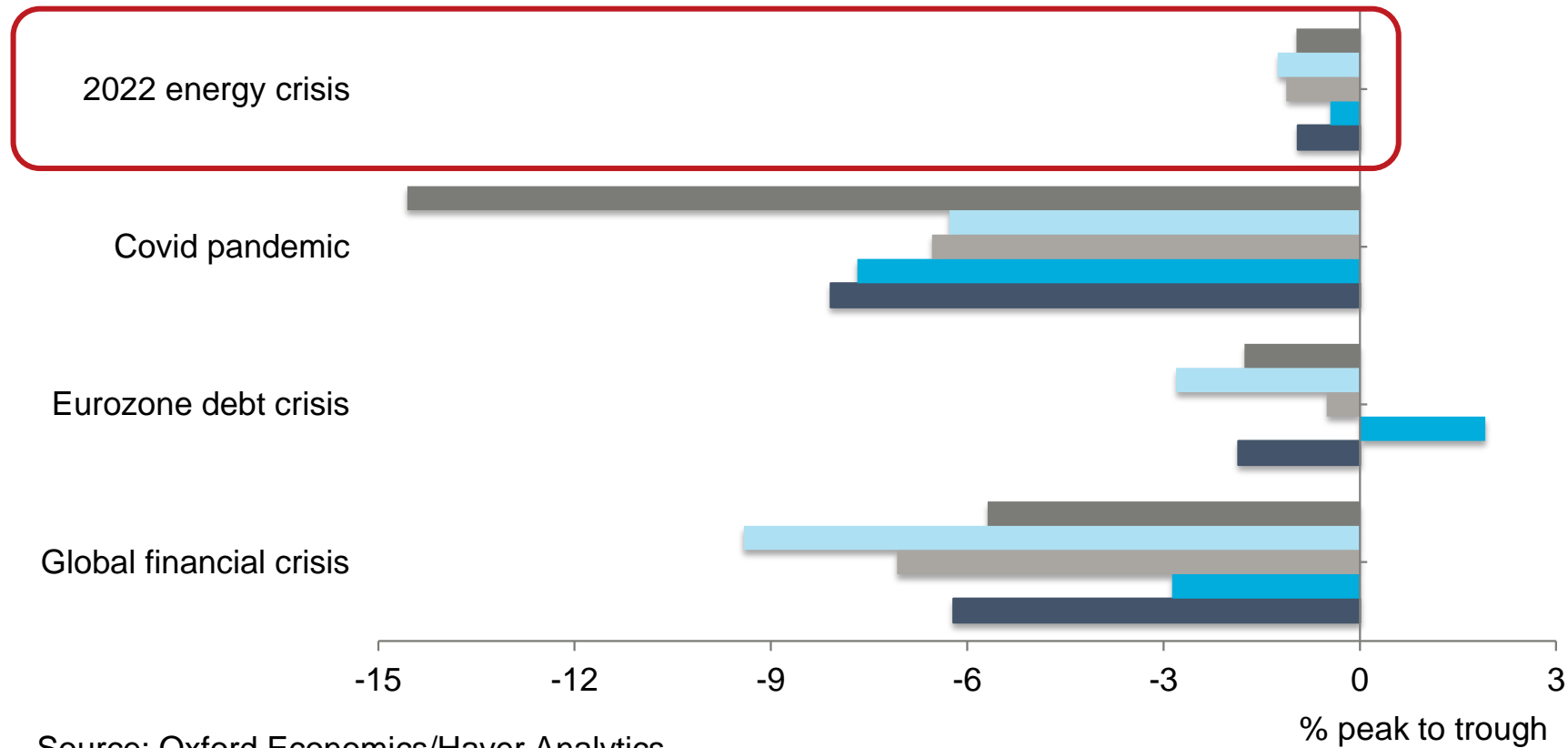


Source: Oxford Economics/Refinitiv, From:Global: Overview: Soft 2023 outlook supported by recent data

Falls are small in historic context – but provide headwinds for travel

Nordics: GDP recession depths

■ Eurozone ■ Finland ■ Denmark ■ Norway ■ Sweden

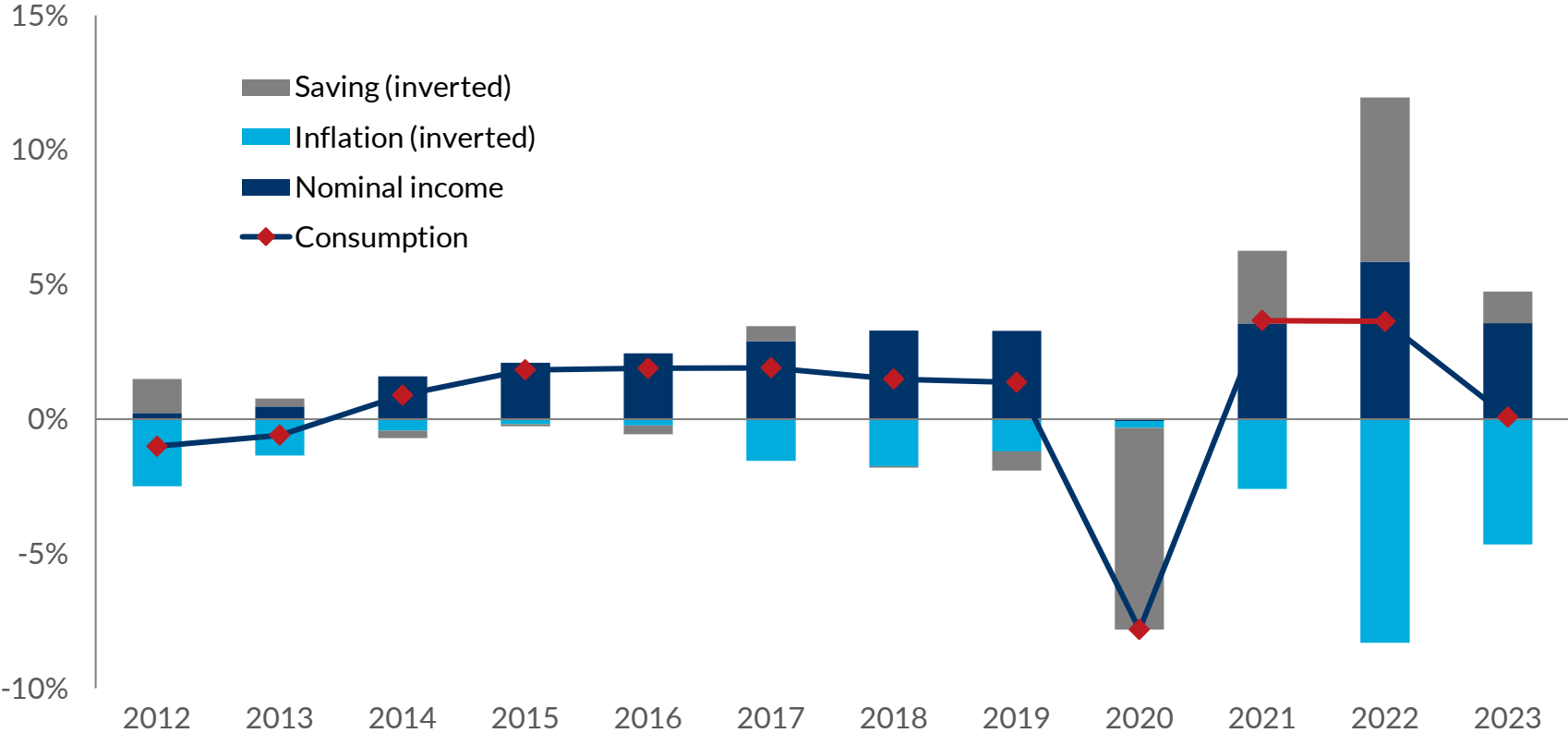


Source: Oxford Economics/Haver Analytics

Inflation is eroding spending power – while savings benefit will ease

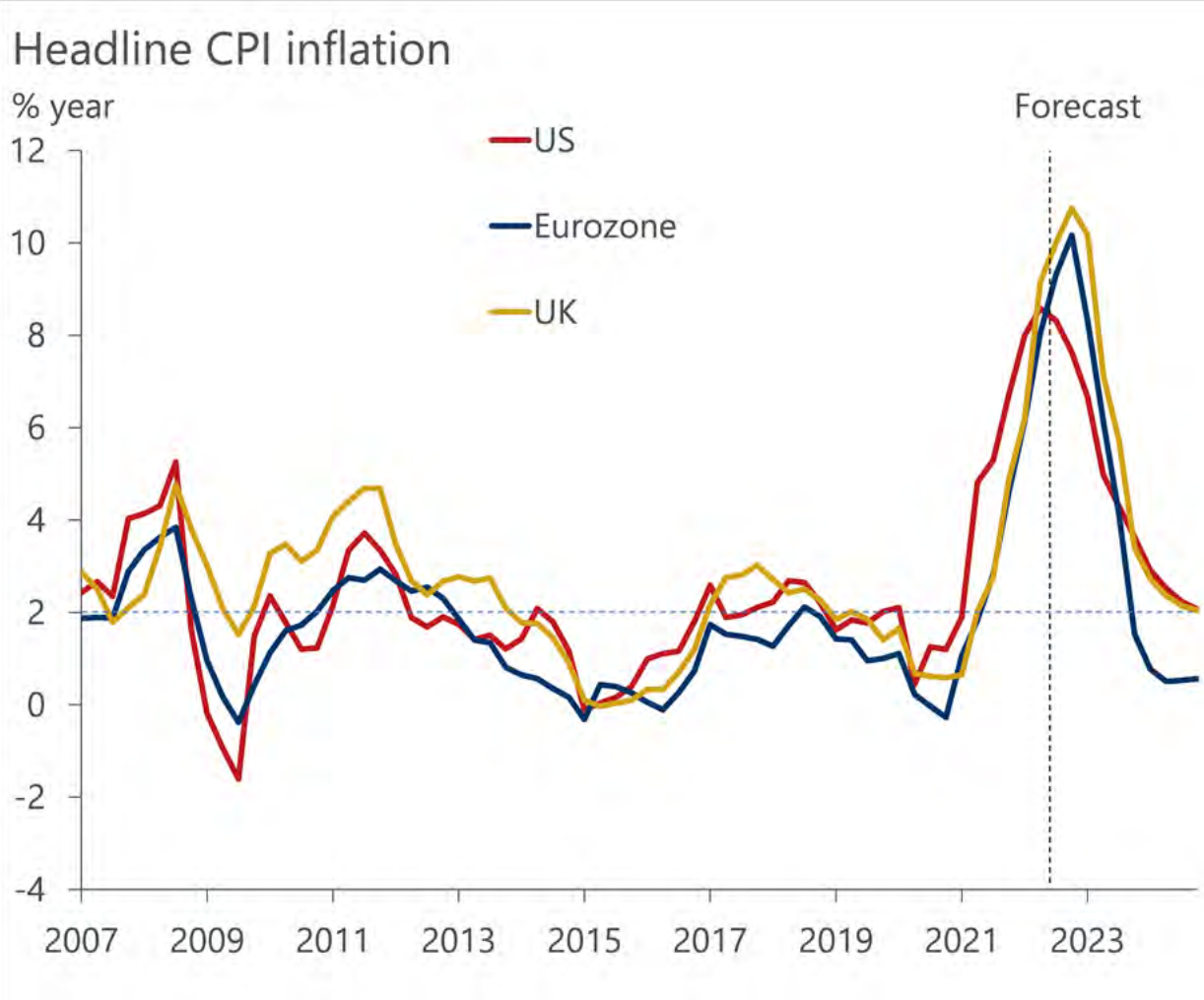
Eurozone: consumption and drivers

% year: pp contributions



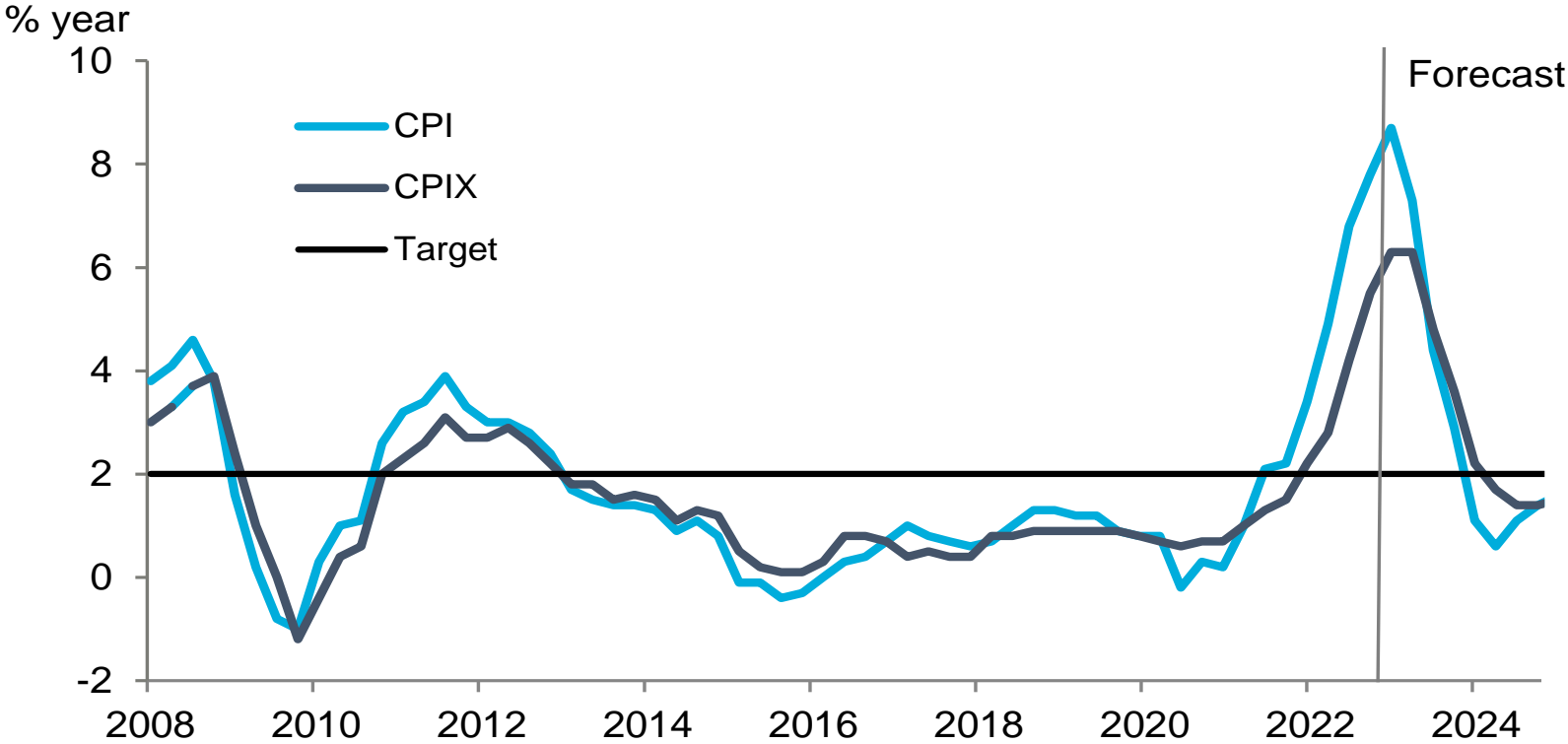
Source: Oxford Economics

Inflation will fall across all major source markets, but timing is uncertain



Inflation is also near peak in Finland, albeit at a lower rate

Finland: Consumer price inflation

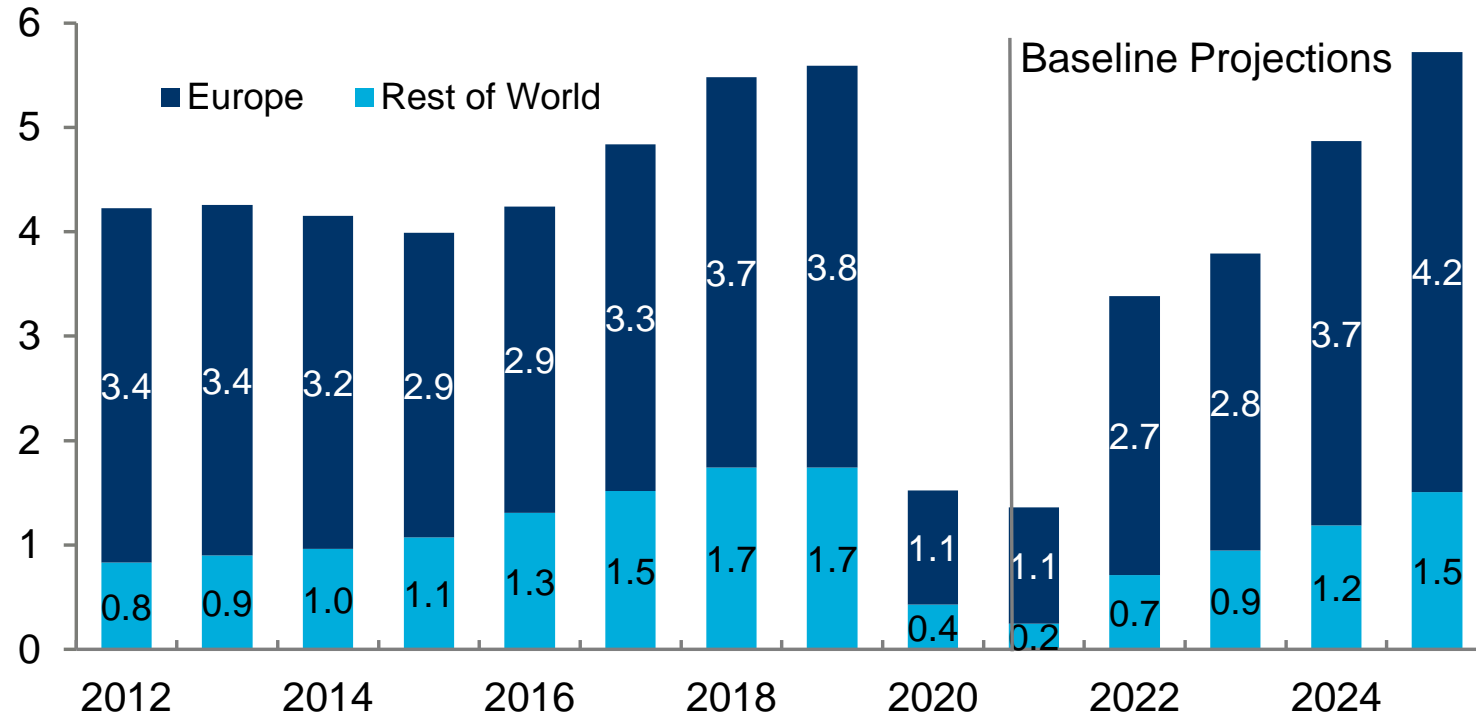


Source: Oxford Economics

Slow pace of travel recovery – 2019 levels regained by 2025

International Arrivals to Finland

Millions of overnight guests, annually

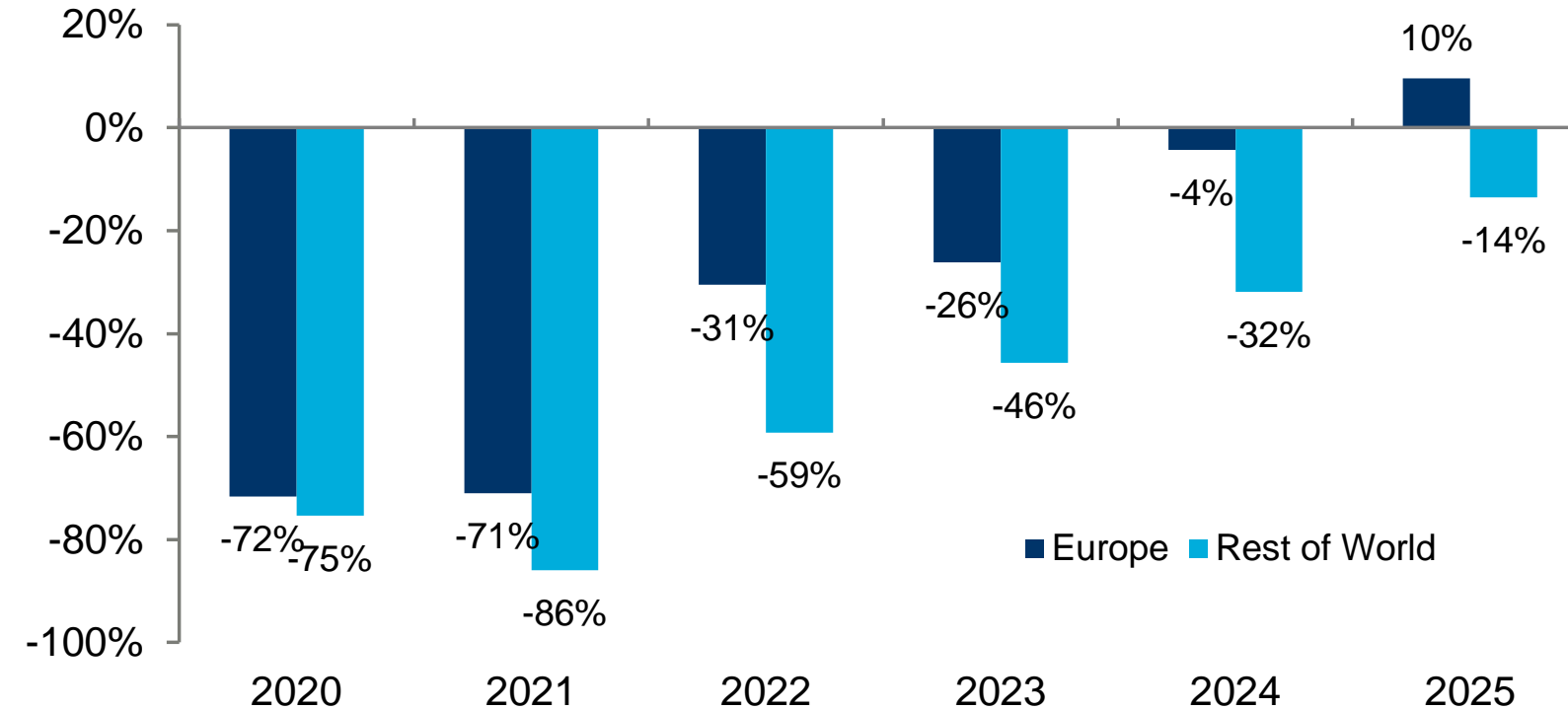


Source: Tourism Economics

Short-haul demand leads the way

International Overnight Arrivals to Finland - Baseline Scenario

Per cent, relative to 2019 levels

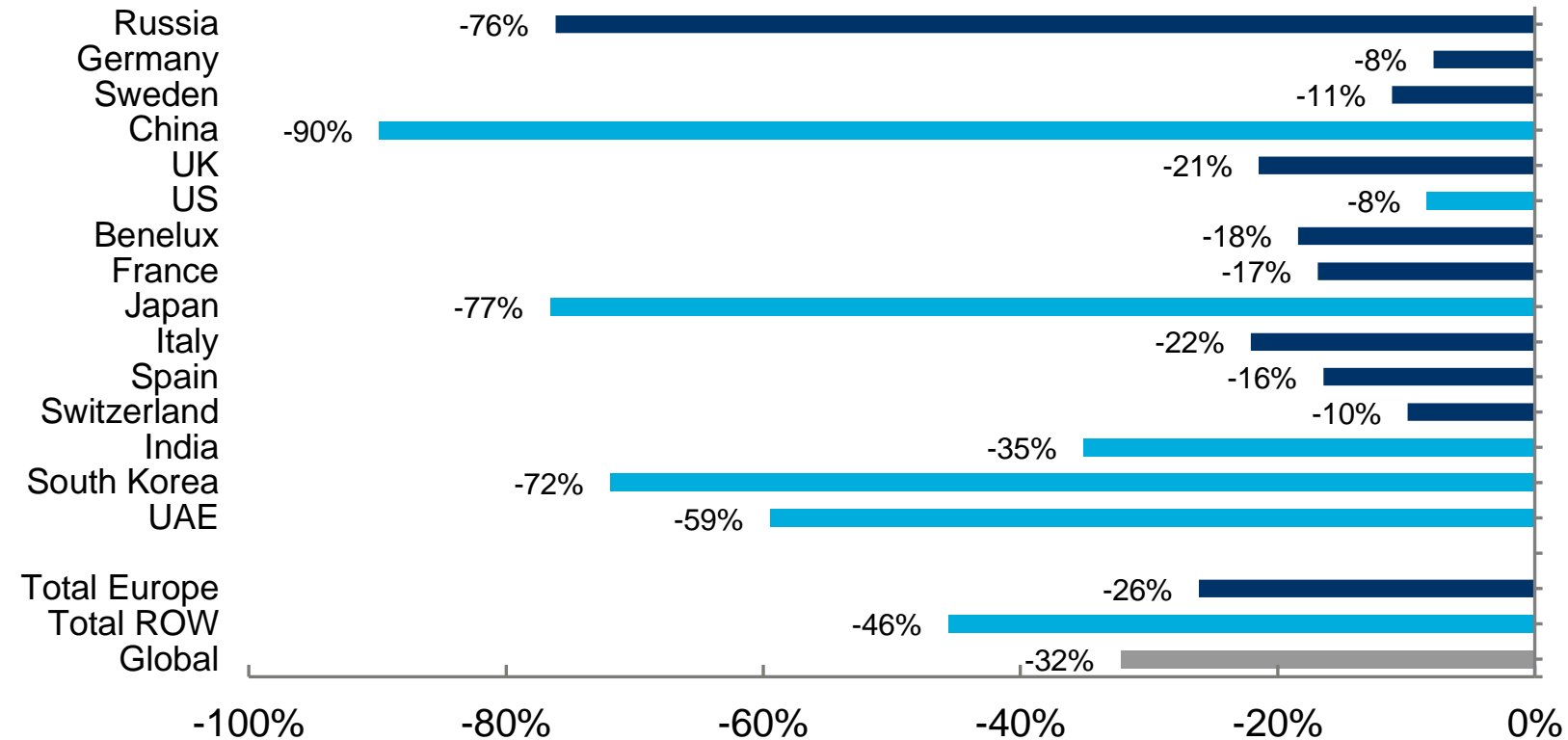


Source: Tourism Economics

Despite downward impact from Russian travel

International Overnight Arrivals to Finland in 2023 - Baseline Scenario

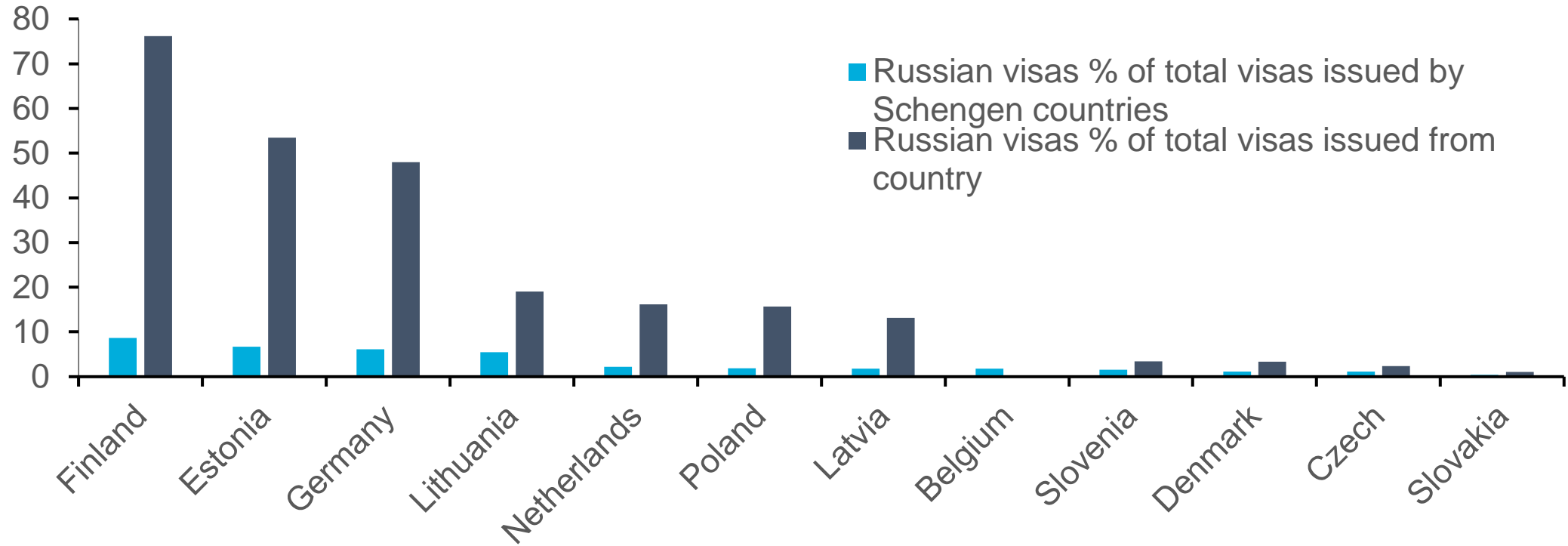
Per cent, relative to 2019 levels



Source: Tourism Economics

Russian sanctions will directly impact travel, especially for Finland

Breakdown of Russian visas issued across the Schengen area, 2021

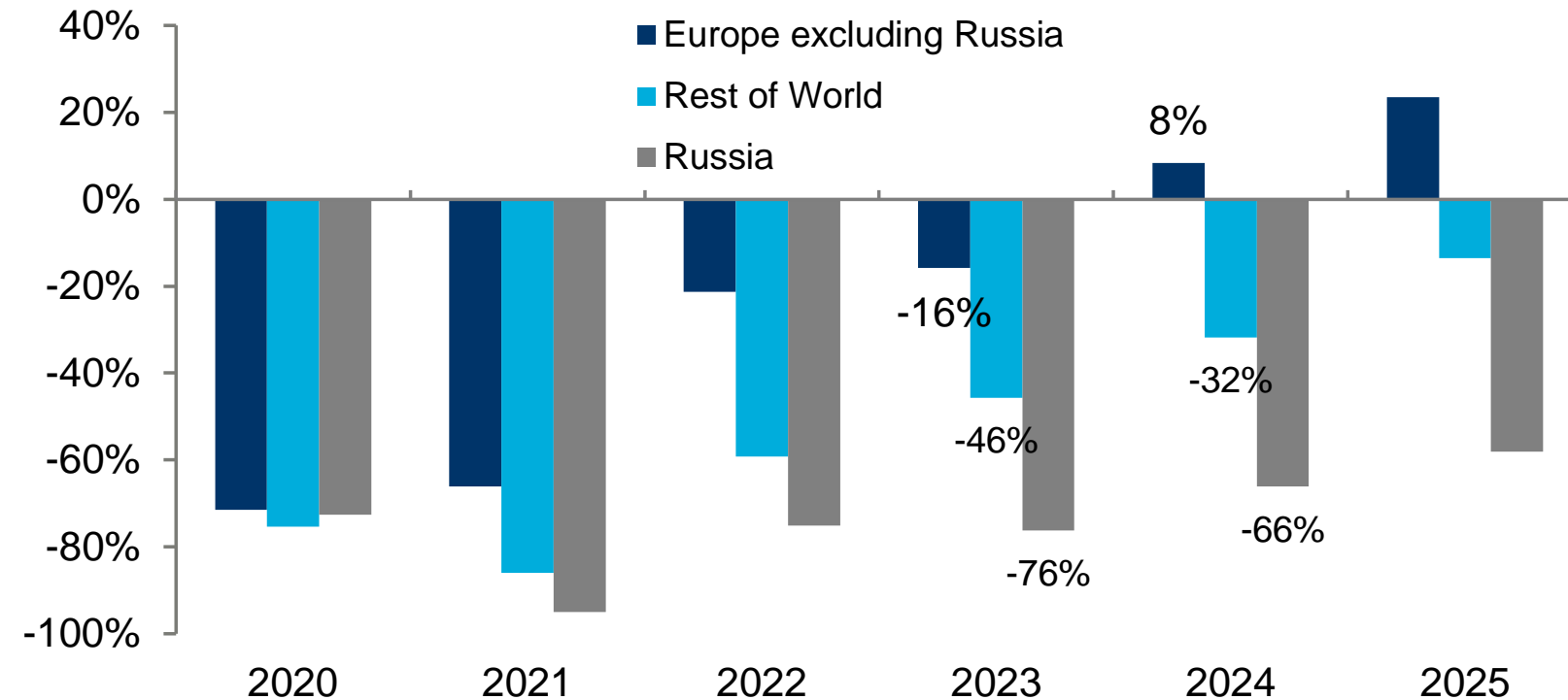


Schengen visa statistics

Short-haul travel excluding Russia to recover by 2024

International Overnight Arrivals to Finland - Baseline Scenario

Per cent, relative to 2019 levels



Source: Tourism Economics

Economic risks skewed to the downside – tied to inflation uncertainty

GDP IN NEAR TERM ↑

High inflation regime (10%)

- Inflation expectations become de-anchored from central bank targets and remain elevated for a protracted period.
- Financial markets are rocked, with marked and persistent increases in market interest rates and falls in equities.
- Demand slows as real disposable incomes are squeezed.
- World GDP is significantly weaker in the medium term.

Slower policy tightening (10%)

- Price pressures fall amid easing supply-chain pressures and less-than-expected commodity market disruption.
- Lower inflation prompts a slowing of monetary policy tightening and, in some cases, rate cuts.
- Household, business and market sentiment improves
- World GDP is significantly stronger.

Gas rationing (20%)

- Winter gas rationing in Europe weighs heavily on industry.
- Recovery from recession is at first sluggish given price pressures, higher policy rates, and weaker equity markets.
- Growth then picks up as easing inflation expectations allow less restrictive monetary policy.
- World GDP is significantly weaker, especially in Europe.

Advanced economy recession (20%)

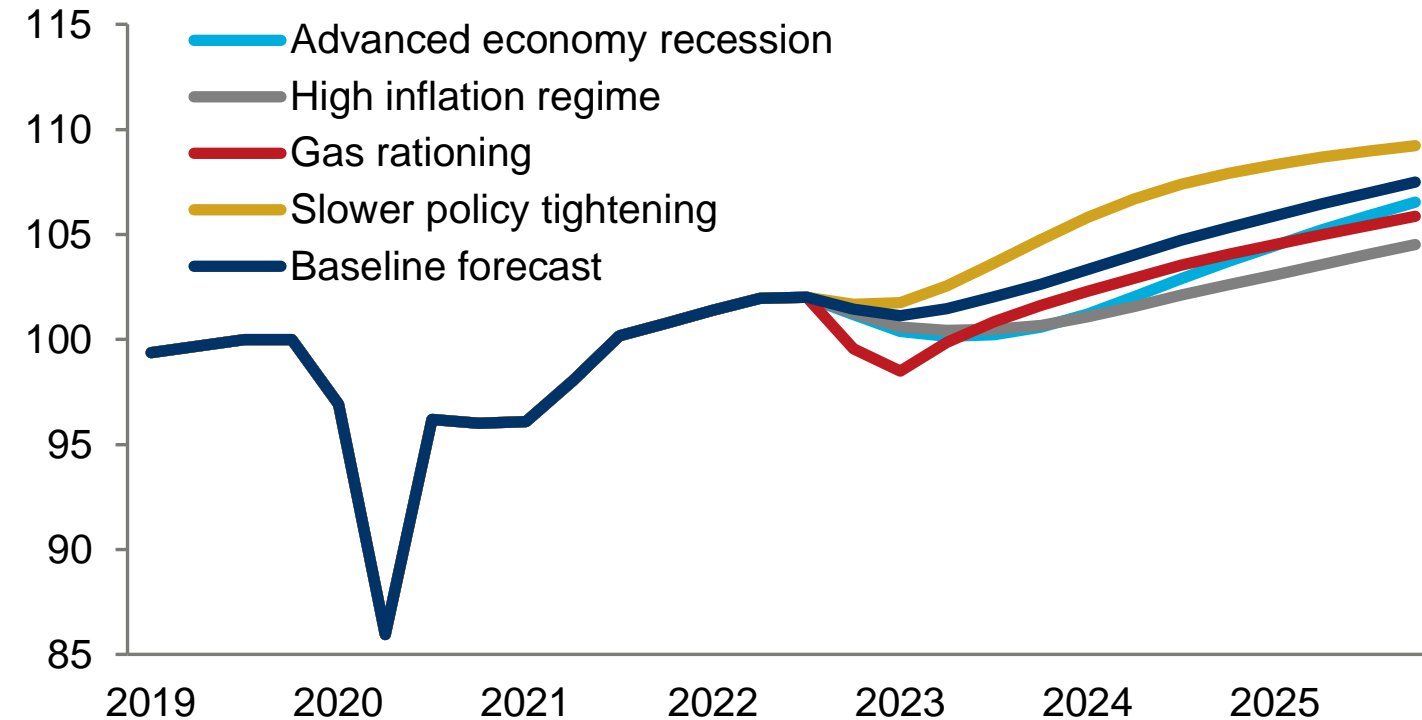
- High inflation and rapid monetary policy tightening squeeze household real incomes and hit confidence.
- Bond yields spike, equities fall, and property markets weaken.
- World GDP is significantly weaker in the near term, but then rebounds as inflation falls back and policy eases.

GDP IN MEDIUM TERM →

Wide range of GDP and consumer spend outcomes

EU GDP: baseline and alternative scenarios

Index 2019Q4 = 100



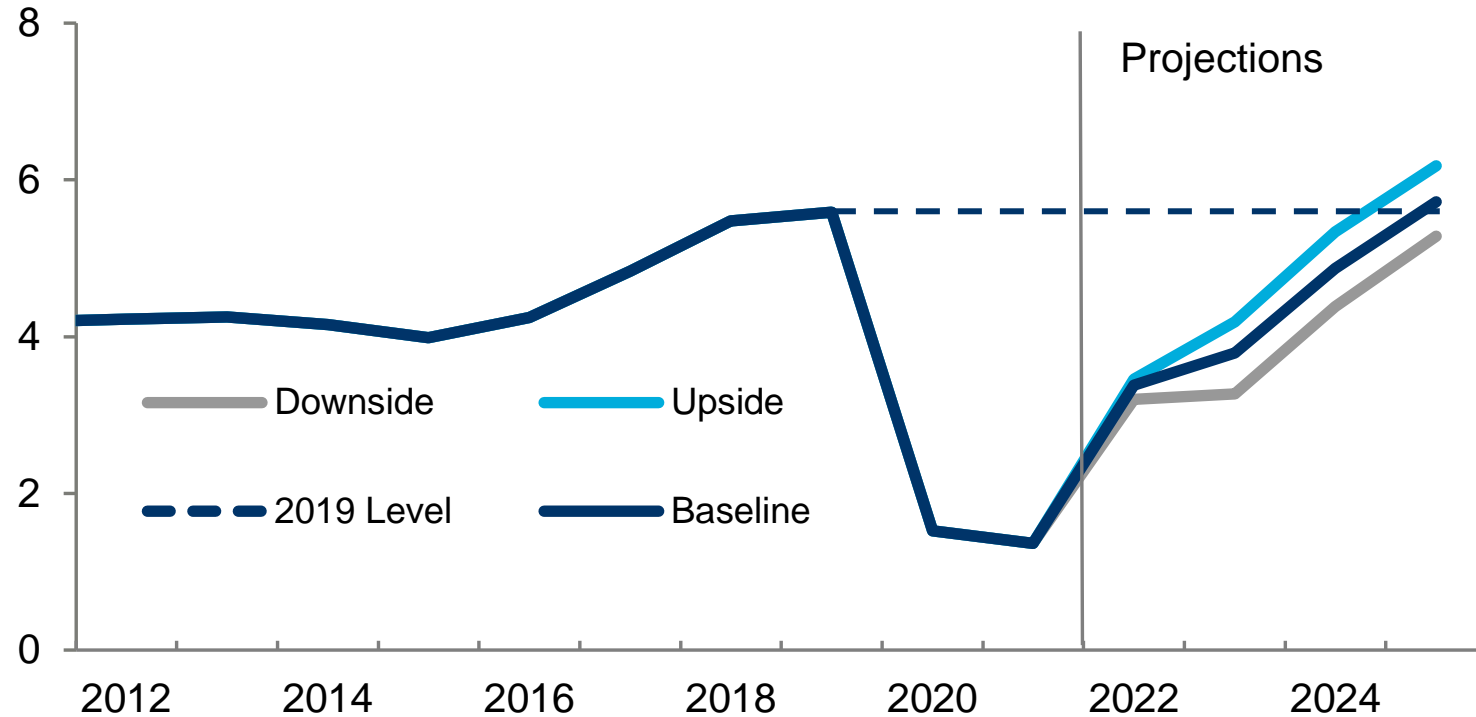
9% difference between GDP under upside and weakest downside assumptions (high inflation regime).

Source: Tourism Economics

Economic uncertainty presents scope for faster/slower recovery

International Arrivals to Finland

Millions of overnight guests, annually

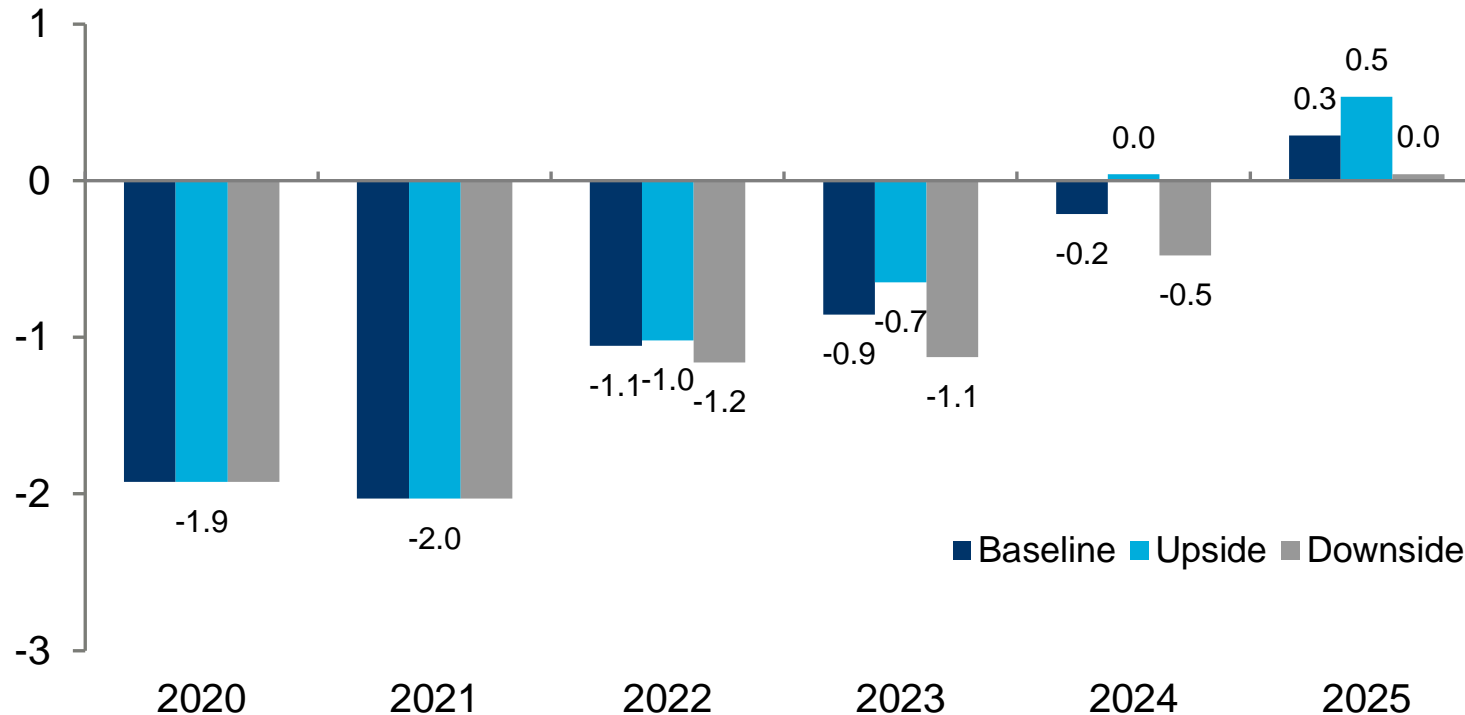


Source: Tourism Economics

Significant implications for visitor spending

International Visitor Spending in Finland

Billions of euros, relative to 2019 levels



€200mn more in visitor spending under upside scenario

€300mn less in visitor spending under downside scenario

Source: Tourism Economics

Thank you – any questions?

Pandemic Scenario - Detailed Assumptions and Projections

	Overnight Visitors (mn)							Visitors relative to 2019 (mn)					Visitors relative to 2019 (%)						
	2019	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
<i>Europe</i>																			
Upside	3.8	1.1	1.1	2.7	3.1	4.0	4.5	-2.8	-2.7	-1.1	-0.8	0.1	0.6	-71.6%	-71.0%	-29.6%	-19.8%	3.4%	15.7%
Baseline	3.8	1.1	1.1	2.7	2.8	3.7	4.2	-2.8	-2.7	-1.2	-1.0	-0.2	0.4	-71.6%	-71.0%	-30.5%	-26.1%	-4.3%	9.6%
Downside	3.8	1.1	1.1	2.5	2.5	3.3	3.9	-2.8	-2.7	-1.3	-1.3	-0.5	0.1	-71.6%	-71.0%	-34.8%	-34.0%	-13.1%	1.8%
<i>Rest of World</i>																			
Upside	1.7	0.4	0.2	0.7	1.1	1.4	1.7	-1.3	-1.5	-1.0	-0.6	-0.4	0.0	-75.3%	-86.0%	-57.1%	-36.9%	-21.9%	-1.0%
Baseline	1.7	0.4	0.2	0.7	0.9	1.2	1.5	-1.3	-1.5	-1.0	-0.8	-0.6	-0.2	-75.3%	-86.0%	-59.2%	-45.6%	-31.9%	-13.6%
Downside	1.7	0.4	0.2	0.7	0.7	1.0	1.4	-1.3	-1.5	-1.1	-1.0	-0.7	-0.4	-75.3%	-86.0%	-60.4%	-58.3%	-40.2%	-21.8%
<i>International Total</i>																			
Upside	5.6	1.5	1.4	3.5	4.2	5.3	6.2	-4.1	-4.2	-2.1	-1.4	-0.3	0.6	-72.8%	-75.7%	-38.2%	-25.1%	-4.5%	10.5%
Baseline	5.6	1.5	1.4	3.4	3.8	4.9	5.7	-4.1	-4.2	-2.2	-1.8	-0.7	0.1	-72.8%	-75.7%	-39.5%	-32.2%	-12.9%	2.4%
Downside	5.6	1.5	1.4	3.2	3.3	4.4	5.3	-4.1	-4.2	-2.4	-2.3	-1.2	-0.3	-72.8%	-75.7%	-42.8%	-41.5%	-21.5%	-5.6%